

Message Text

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43

ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 FEAE-00 /017 W

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R 051250Z MAR 75

FM AMEMBASSY KUWAIT

TO USDOC WASHDC

SECSTATE WASHDC 2419

INFO AMEMBASSY BEIRUT

AMEMBASSY TEHRAN

UNCLAS KUWAIT 1035

E.O. 1165: N/A

TAGS: BMEP, BEXP, ECRE, EWWT, KU

SUBJECT: KUWAIT HEAVY INDUSTRIAL AREA EMBARKS ON AMBITIOUS
CONSTRUCTION PROGRAM

SUMMARY: IN RECENT CONVERSATION WITH CHIEF ENGINEER FOR PLANNING AT SHUAIBA AREA AUTHORITY, KUWAIT'S HEAVY INDUSTRIAL AREA, EMBOFF TOLD OF NUMBER OF MAJOR PROJECTS TOTALLING SEVERAL HUNDRED MILLIONS OF DOLLARS WHICH SHOULD BE OF CONSIDERABLE INTEREST TO A VARIETY OF U.S. FIRMS. THESE PROJECTS ARE TO PREPARE AREA FOR ANTICIPATED EXPANSION WHEN LPG FACILITY, A NEW REFINERY, AND SPIN-OFF PETRO-CHEMICAL PROJECTS COME ON STREAM. ALL THESE INFRASTRUCTURE PROJECTS COULD BE EXECUTED IN THE NEXT FEW YEARS. MOREOVER, STUDIES ARE NOW UNDERWAY TO CONSIDER THE FEASIBILITY OF CREATING A SECOND INDUSTRIAL PARK ELSEWHERE IN KUWAIT AS SHUAIBA IS EXPECTED TO BE FULLY UTILIZED BY 1980. THIS AGAIN HIGHLIGHTS KUWAIT'S ATTEMPTS SPEND LARGER PORTION THEIR FUNDS ON DOMESTIC DEVELOPMENT. END SUMMARY.

1. COMMERCIAL HARBOUR--APPLICATIONS ARE NOW BEING ACCEPTED UNTIL APRIL 6 FOR CONSTRUCTION FIRMS WISHING BID ON PHASE I OF EXPANSION THE SHUAIBA COMMERCIAL HARBOUR WHICH PRESENTLY COMPRISES FIVE BERTHS AND CAN HANDLE A MILLION TONS ANNUALLY, PROJECT CONSULTANT IS COODE PARTNERS OF U.S. AND CONSTRUCTION SHOULD COMMENCE ON FIRST TWO BERTHS OF PLANNED SIX BERTH EXPANSION IN EARLY 1976. (DISCUSSED IN MORE DETAIL SEPTTEL).

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2. OIL PIER EXPANSION--PRESENTLY SHUAIBA HAS TWO IDENTICAL OIL

PIERS TO SERVE THE EXISTING 150,000 BPD REFINERY AND LIQUID FERTILIZER PLANTS OF KNPC AND PETROCHEMICAL INDUSTRIES. WITH A NEW REFINERY PLANNED AND POSSIBLE EXPANSION OF AMMONIA PRODUCING UNITS, SHUAIBA PLANS TO EXPAND EXISTING TWO OIL PIERS NOW ABLE TO ACCOMMODATE A 100,000 DWT AND A 40,000 DWT TANKER EACH. SIZE OF EXPANSION WILL DEPEND ON SIZE OF NEW REFINERY WHICH IS LIKELY TO RANGE BETWEEN 250,000 AND 500,000 BPD AND OF PROJECTED PETROCHEMICAL PLANTS. IN ALL PROBABILITY ANOTHER 4-8 BERTS WILL BE REQUIRED. IF NOT YET DECIDED WHETHER TO CHOOSE SEPARATELY ENGINEERING AND CONSTRUCTION FIRMS FOR PROJECT OR HAVE ONE LARGE ENGINEERING/ CONSTRUCTION FIRM EXECUTE TURN-KEY. IF FORMER METHOD CHOSEN, CONSULTANT MAY BE SELECTED IN NEXT SIX MONTHS WITH CONSTRUCTION PHASE PROJECTED FOR EARLY 1977.

3. COOLING WATER SYSTEM--WITH CONSTRUCTION LPG PROCESSING FACILITY EXPECTED TO START THIS YEAR IN AREA IMMEDIATELY NORTH OF EXISTING SHUAIBA AREA, SAA MUST SOON TENDER AN EXTREMELY LARGE PUMPING SYSTEM TO UTILIZE SEA WATER FOR THE COLLING OF THE PROCESSING PLANT. A PROJECTED 400,000 GALLONS PER MINUTE OF SEA WATER WILL LIKELY BE REQUIRED. WORK ON THE PUMPING STATIONS IS EXPECTED TO COMMENCE IN EARLY 1976 AND REGISTRATION AND TENDERING SHOULD BEGIN THIS YEAR.

4. EXPANSION OF THE EXISTING SEA WATER PUMPING SYSTEM--IN THE NEXT SEVERAL YEARS SHUAIBA WILL ALSO EXPAND THE CAPACITY OF THE EXISTING PUMPING SYSTEMS AT THE PRESENT INDUSTRIAL SITE REQUIRING EXTENSIVE ELECTRICAL AND MECHANICAL WORKS AND THE INSTALLATION OF NEW PUMPS. THIS PROJECT MAY BE EXECUTED ON A TURN-KEY BASIS. CONSTRUCTION NOT EXPECTED TO START BEFORE 1977.

5. ROADS AND DRAINAGE--WITH THE EXPANSION OF THE INDUSTRIAL PARK NORTH NEW ROADS, DRAINAGE AND SEWAGE, AND TRAFFIC CONTROL SYSTEMS ARE REQUIRED. THIS MAY BE DONE BY LOCAL CONTRACTORS ALTHOUGH AT PRESENT ALL LOCAL CONTRACTING COMPANIES HAVE MORE WORK THAN THEY CAN HANDLE, AND IT MAY BE NECESSARY TO MAKE THIS AN INTERNATIONAL TENDER.

6. NEW INDUSTRIAL PARK--AN INTER-MINISTERIAL COMMITTEE COMPRISING SUCH MINISTRIES AS THE MINISTRY OF ELECTRICITY AND WATER, MINISTRY OF OIL, AND MINISTRY OF PUBLIC WORKS HAS DIRECTED THE SHUAIBA AREA AUTHORITY TO CARRY OUT STUDIES WITH A VIEW TO SITING A NEW INDUSTRIAL

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PARK WHICH MAY BE NEEDED BY 1980. SUCH AN INSTALLATION WOULD REQUIRE NEW PORTS, ELECTRICAL GENERATION FACILITIES, DESALINATION UNITS, SEA WATER PUMPING STATIONS, AND ROADS AND DRAINAGE. THIS WOULD OBVIOUSLY BE AN EXTREMELY MAJOR UNDERTAKING FOR KUWAIT AND WOULD REQUIRE ADDITIONAL HUNDREDS OF MILLIONS OF DOLLARS OF EXPENDITURES OF INFRASTRUCTURE ALONE. ONE NEWSPAPER REPORT RECENTLY CLAIMED THE AREA NEAR MINA SAUD IN THE SOUTHERMOST PART OF THE COUNTRY WAS TO BE THE SITE BUT EMBOFF TOLD ONLY INITIAL STUDIES BEING CONDUCTED AND

KUWAIT A LONG WAY FROM DECIDING ON NEED, LET ALONE SITE, FOR PROEJCT.

7. REQUEST COMMERCE GIVE THIS MESSAGE WIDE CIRCULATION AMONG
APPROPRIATE ENGINEERING, CONSTRUCTION, AND EQUIPMENT FIRMS.

ENGINEERING/CONSULTING FIRMS SHOULD BE REMINDED OF NECESSITY TO BE
REGISTERED WITH KUWAIT PLANNING BOARD CONSULTANT SELECTION COMMITTEE
IF THEY WISH RECEIVE INVITATIONS TO COMPETE FOR WORK IN KUWAIT. THEY
ARE NOT PERMITTED LOCAL AGENTS. ON THE OTHER HAND, CONSTRUCTION AND
EQUIPMENT SUPPLY COMAPNIES SHOULD BE AWARE THAT A LOCAL AGENT REPRE-
SENTATIVE IS NECESSITY FOR DOING BUSINESS HERE. TO REGISTER WITH
PLANNING BOARD FIRMS SHOULD WRITE TO REGISTRAR OF CONSULTANTS KUWAIT
PLANNING BOARD, P.O. BOX 15, KUWAIT, SUPPLYING NECESSARY RELEVANT
QUALIFICATION DATA CONCERNING THEIR COMPANY AND REQUESTING BOARD'S
TECHNICAL DATA QUESTIONNAIRE. ALL INTERESTED COMPANIES AMY ALSO
WISH TO WRITE MR. MOAYID AL-RASHEED, DIRECTOR OF PLANNING, SHUAIBA
AREA AUTHORITY, P.O. BOX 4690, KUWAIT AND INFORM HIM OF THEIR INTERES
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8. COMMENT: ALL OF THE PROJECTS LISTED ABOVE ARE LIKELY TO BE
CONSTRUCTED ALTHOUGH THE LACK OF MANPOWER HERE MAY DELAY THE EXECUTIO
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OF SOME OF THEM. THESE AMBITIOUS EXPANSION PROGRAMS AGAIN
HIGHLIGHT KUWAIT'S ATTEMPTS TO EXPEND AS MUCH OF THEIR FAST
ACCUMULATING SURPLUSSES AS POSSIBLE ON DOMESTIC DEVELOPMENT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL DEVELOPMENT, CONSTRUCTION, LPG, PORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUWAIT01035
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750077-0346
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750381/aaaacuxa.tel
Line Count: 141
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: woolflhd
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAY 2003 by JonesKG>; APPROVED <09 JAN 2004 by woolflhd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT HEAVY INDUSTRIAL AREA EMBARKS ON AMBITIOUS CONSTRUCTION PROGRAM
TAGS: BTIO, BEXP, ECRE, EWWT, KU
To: COM STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006